Universities Academic Pension Board

ANNUAL REPORT
1983-84

Alberta

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SIXTH ANNUAL REPORT

OF THE

UNIVERSITIES ACADEMIC PENSION BOARD

PURSUANT TO

UNIVERSITIES ACADEMIC PENSION ACT

FOR THE YEAR ENDED
March 31, 1984

PROVINCIAL TREASURER
323 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8309

To the Honourable HELEN HUNLEY
Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Annual Report of the Universities Academic Pension Board, pursuant to the *Universities Academic Pension Act*, for the fiscal year ended March 31, 1984.

Lou Hyndman
MINISTER FOR PENSIONS

Alberta
UNIVERSITIES ACADEMIC
PENSION BOARD

Office of the Chairman

Room 570, Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-7105

The Honourable L.D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

In accordance with *Section 32(1)* of *the Universities Academic Pension Act*, I have the honour to submit the Annual Report of the Universities Academic Pension Board, for the year ended March 31, 1984.

Respectfully submitted,

J.E. Faries
CHAIRMAN OF THE BOARD

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UNIVERSITIES ACADEMIC PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

MEMBERS

REPRESENTING THE BOARDS OF GOVERNORS

W.D. Usher
The University of Alberta

M.G. McGinley
The University of Calgary

J.A. Rae
The University of Lethbridge

REPRESENTING THE ACADEMIC STAFF ASSOCIATIONS

L. Eberlein
The University of Alberta

H.A. Buckmaster
The University of Calgary

E.E. Falkenberg
The University of Lethbridge

GOVERNMENT REPRESENTATIVES

H.N. Anderson (Vice-Chairman)
Alberta Advanced Education

C.A. MacKenzie
Alberta Treasury

UNIVERSITIES ACADEMIC PENSION ACT

ACTIVITIES OF THE BOARD

The Universities Academic Pension Board met eleven times during the fiscal year ended March 31, 1984 and dealt with the following:

1. Review and approval of positions submitted by Athabasca University, the Banff Centre for Continuing Education and University of Lethbridge for participation of incumbents in the Universities Academic Pension Plan;

2. Policy regarding negotiation of reciprocal agreements for recommendation to the Minister;

3. Co-ordination of joint life pensions with Canada Pension Plan and/or Old Age Security benefits;

4. Establishment of a rate of interest applicable to refunds of excess contributions;

5. Negotiation of reciprocal agreements with the University of Sherbrooke and the University of Ottawa;

6. Review of the Long Term Disability Income Continuance Plan of the Banff Centre for Continuing Education;

7. Review of the study on cash flow and actuarial valuation of the Universities Academic Pension Plan and submission of a report to the Minister;

8. Establishment of policy regarding participation by the Universities academic staff in the Teachers' Retirement Fund;

9. Establishment of procedure for costing of prior service;

10. Approval of actuarial tables for calculation of deferred pensions;

11. Establishment of a rate of interest applicable on payment of prior service contributions by assignment;

12. Establishment of policy for determination of salary (for pension purposes) in respect of members receiving partial salary while on study leave;

13. Establishment of policy regarding approval of leave without pay as pensionable service;

14. Submission of recommendations to the Minister concerning the funding of past and current service pension liability and the revision of contribution rates;

15. Submission of a recommendation to the Minister concerning the application of the direct automatic pension deposit plan;

16. Review of current actuarial tables to determine whether revisions are required;

17. Commencement of a study on the topic of "splitting of pension benefits between spouses on marriage dissolution" for the purpose of submitting a recommendation to the Minister;

18. Establishment of policy regarding commencement date in respect of deferred pension;

19. Establishment of a basis for costing of pension credits transferred under reciprocal agreements;

20. Establishment of criteria on the treatment of deferred compensation plans under the Universities Academic Pension Plan;

21. Review of the features of the Universities Academic Pension Plan which might be at variance with the Department of National Revenue regulations, for remedial action;

22. Disposition of appeals from individual members regarding matters affecting their participation in the Plan;

23. Authorization for payment of cost of living adjustment to pensions, sanctioned by the Government effective January 1, 1984.

In addition, the Board considered and ruled on 41 individual cases concerning prior service, transfers under the terms of reciprocal agreements, change of pension option, determination of salary for pension purposes, eligibility for participation in the plan and refund of pension contributions.

Four issues of the pension newsletter POSTSCRIPT were published and distributed during the year to pensioners who had retired under one of the six pension plans sponsored by Alberta Government. The newsletter which has a circulation of about 17,000 aims to keep the pensioners up to date on pension matters and, to a limited degree, provides a forum for their concerns and views.

On behalf of the Board, four pension seminars were presented during the year by the Pension Boards Secretariat for the members and representatives of employers participating in the Plan.

PARTICIPATION

The number of accounts under the Plan at March 31, 1984 was 3,913, inclusive of 9 accounts held on deposit on behalf of terminated members. The number of active accounts (3,904) was 1.27 per cent higher than the number of accounts (3,855) at March 31, 1983. Over the five year period, between March 1979 and March 1984, the number of active accounts increased from 3,443 to 3,904, or by 13.38 per cent.

CONTRIBUTIONS AND PAYMENTS

During the year, member and employer contributions were received in the amount of $27,273,998.39, reflecting an increase of 6.46 per cent over contributions of $25,618,203.75 received in 1982-83. Total payments from the Plan increased from $6,535,667.82 in 1982-83 to $7,416,070.58 in 1983-84, or by 13.47 per cent. The excess of receipts over payments increased from $19,082,535.93 in 1982-83 to $19,857,927.81 in 1983-84, or by 4.06 per cent.

REFUNDS OF CONTRIBUTIONS

Refunds of member and employer contributions, plus interest, tottalled $1,274,280.76 during the year, reflecting a decrease of 19.29 per cent, from $1,578,777.30 refunded in 1982-83. A sum of $20,340.80, representing member contributions and interest, was paid directly to the terminating members while a sum of $1,253,939.96, representing both member and employer contributions, plus interest, was transferred to the terminating members' registered pension or retirement savings plans.

Excess contributions amounting to $83,638.11 were refunded during the year to the members and employers concerned.

RETIREMENTS AND PENSIONS

As of March 31, 1984, there were 363 pensions in payment to the retired members, surviving spouses and other beneficiaries of deceased members and pensioners.

Total pension payments for the year amounted to $5,827,367.91, including $5,142,669.03 to retired members and $684,698.88 to surviving spouses. The pension payments were 25.6 per cent higher than the pension payments of $4,639,610.79 during 1982-83.

Fifty retirement pensions were granted during the year. Nineteen of the retiring members, or 38 per cent, retired at age 65 while 26 members, or 52 per cent, retired before age 65. The remaining 5 repre-

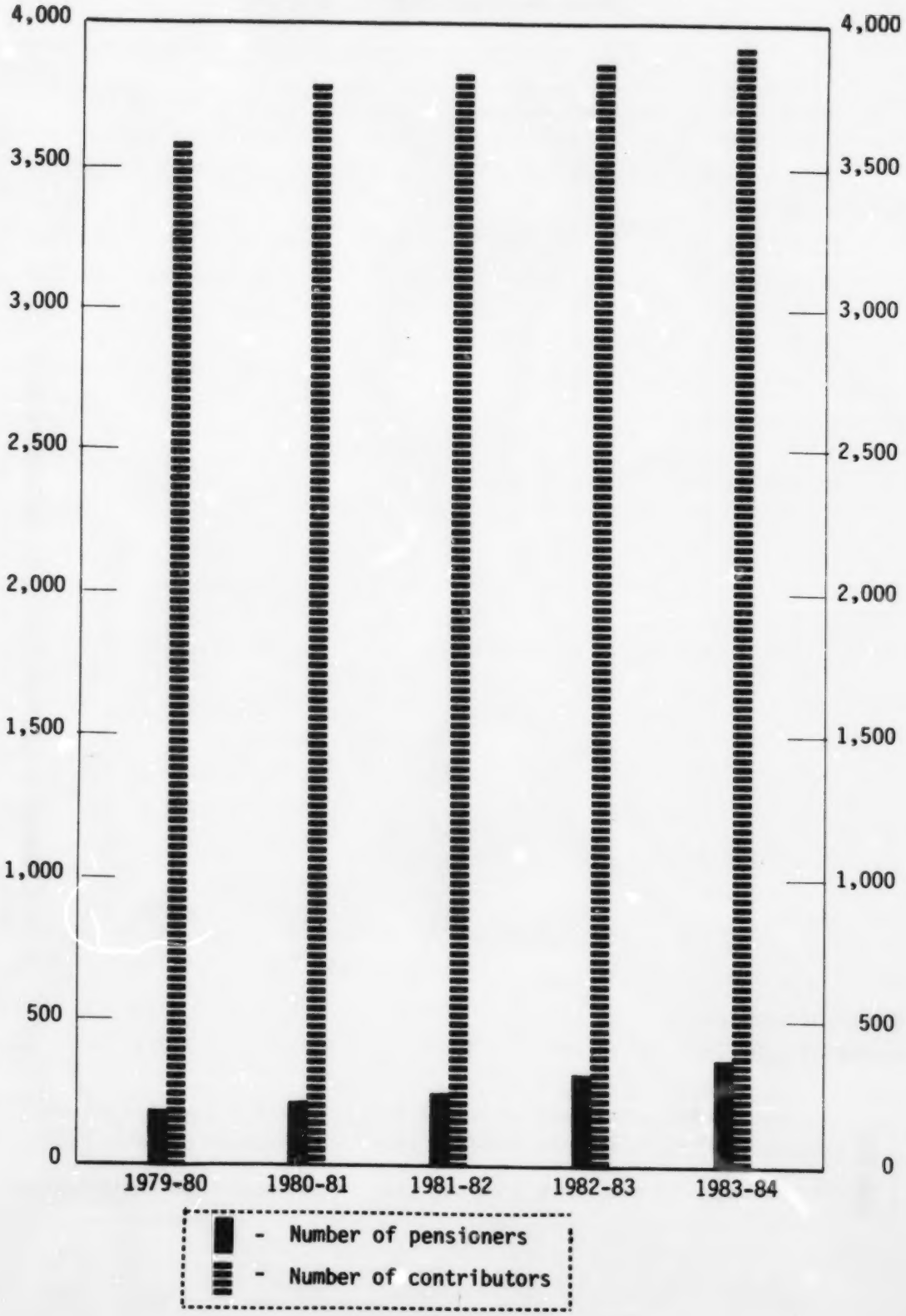
sent deferred retirements for which pensions commenced during the year. The average retirement age in 1983-84 was 60.73 years, down fractionally from 60.85 years in 1982-83.

Of the 50 members granted pensions in 1983-84, 27 members, or 54 per cent, opted for Joint Life pension, eight members, or 16 per cent, took Normal Pension (guaranteed term 15 years), 16 members, or 32 per cent, selected a pension guaranteed for a term of 5, 10 or 20 years, and three members, or 6 per cent, chose Single Life pension.

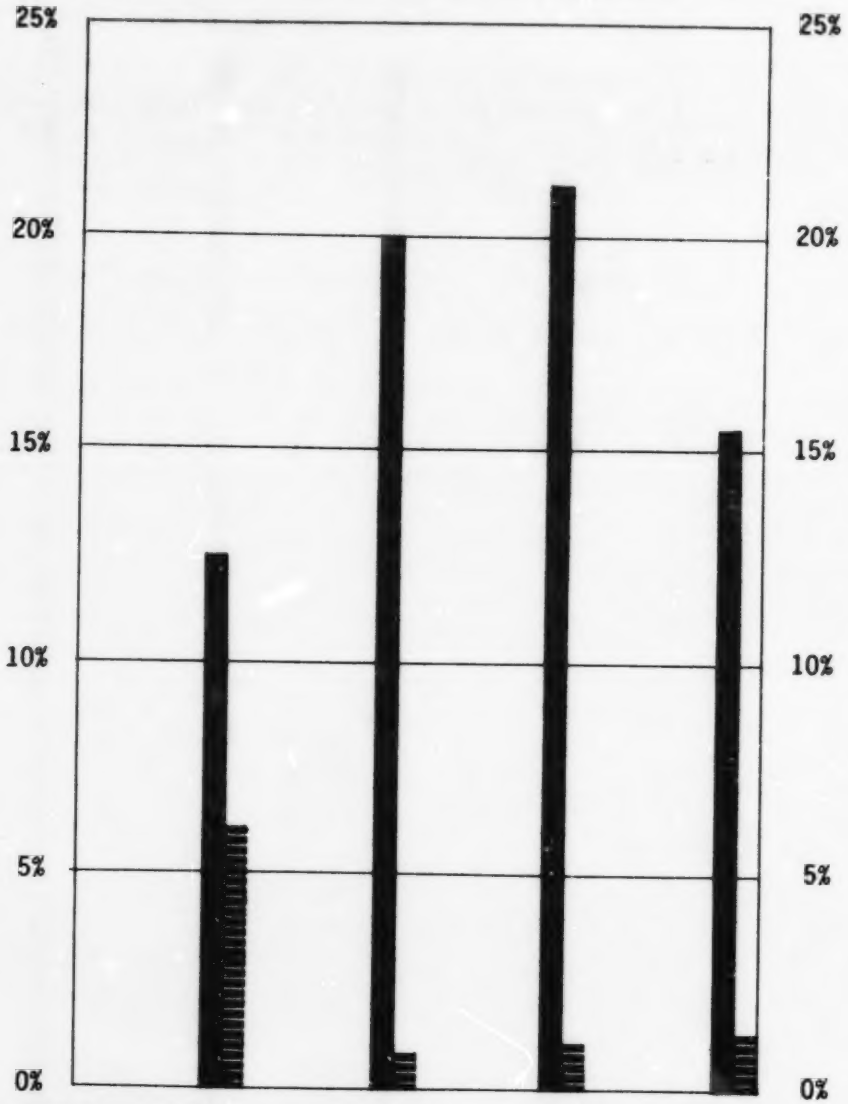
Seven members died in service during the year. The surviving spouses of five members were granted Spousal Pensions while the beneficiaries of two members were granted lump sum benefits.

Ten pensioners died during the year. Three pensions were transferred to the survivors of Joint Life pensions and one pension was transferred to a spouse to complete the guaranteed term. Six pensions, guaranteed for definite terms or life only, expired.

PENSIONERS AND CONTRIBUTORS
(5-YEAR COMPARISON)



ANNUAL PERCENTAGE INCREASES FROM PREVIOUS YEAR
(Pensioners and Contributors)



	1979-80	1980-81	1981-82	1982-83	1983-84
Number of pensioners:	192	216	259	314	363
Number of contributors:	3,566	3,785	3,815	3,855	3,904

- Percentage increase from previous year in the number of pensioners
- Percentage increase from previous year in the number of contributors

MEMBER AND EMPLOYER CONTRIBUTIONS RECEIVED
(April 1, 1983 to March 31, 1984)

Employer	Number of Accounts	Member Contributions	Employer Contributions
University of Alberta	2,201	$ 7,696,218.36	$ 7,492,150.00
University of Calgary	1,231	4,604,099.59	4,601,898.47
University of Lethbridge	289	955,537.95	908,053.98
Athabasca University	121	305,002.62	310,594.28
Banff Centre for Continuing Education	62	175,404.30	197,725.84
Accounts Held on Deposit	5*	2,024.11	-
Accounts Held on Deposit for Deferred Pensions	4*	25,262.39	26.50
Totals	3,913	$13,763,549.32**	$13,510,449.07

REFUNDS OF CONTRIBUTIONS

The following refunds of contributions and interest were made during the year:

Refunds of member contributions and interest to terminated members	$ 20,340.80
Refunds of member and employer contributions and interest by transfer to registered pension or retirement savings plans, etc.	1,253,939.96
Refunds of excess contributions to members and employers	83,638.11
	$1,357,918.87

These accounts pertain to contributions received in 1983-84. The total number of accounts held on deposit at March 31, 1984 was 163 with deposits of $2,690,918.37 for terminated members and $2,770,668.39 representing the corresponding employer portion.

***Inclusive of contributions on prior service.*

RECIPROCAL AGREEMENT TRANSFERS

The following transfers were made during the year under the terms of reciprocal agreements:

PENSION PLAN	TRANSFERS TO UNIVERSITIES ACADEMIC PENSION PLAN		TRANSFERS FROM UNIVERSITIES ACADEMIC PENSION PLAN	
	Number	Amount	Number	Amount
Alberta Teachers' Retirement Fund	4	$ 73,613.09	-	$ -
Dalhousie University	1	1,118.34	-	-
Government of Canada	12	268,176.92	1	19,930.23
McGill University	4	110,879.35	-	-
Ontario Institute for Studies in Education	2	91,145.00	-	-
University of Guelph	-	-	1	5,507.13
University of Manitoba	2	86,020.83	1	14,702.56
University of Saskatchewan	1	29,199.98	-	-
University of Toronto	3	97,115.56	-	-
University of Waterloo	1	66,114.21	-	-
University of Regina	1	1,956.21	1	78,786.81
Totals	31	$825,339.49	4	$118,926.73

TRANSFERS BY BOOK ENTRY

The following transfers were made during the year to and from other Alberta pension plans by book entry. These are not reflected in the Summary of Receipts and Payments.

PENSION PLAN	TO ACADEMIC PLAN	FROM ACADEMIC PLAN
Local Authorities Pension Plan	$ 95,759.02	$ 67,144.93
Public Service Pension Plan	327,314.84	44,045.67
P. S. Management Pension Plan	63,780.45	2,824.76
Totals	$486,854.31	$114,015.36

RETIREMENTS
(1983-84)

Normal retirement (age 65)	19
Retirement before age 65 (unreduced pension)	26
(Co-ordinated with benefits under C.P.P./O.A.S. .... 13)	
Deferred Pensions commenced during the year	5
(Co-ordinated with benefits under C.P.P./O.A.S. .... 3)	
Total number of retirement pensions granted in the year	50
Number of pensions co-ordinated with benefits under C.P.P. and/or O.A.S.	16

DEATH-IN-SERVICE BENEFITS

Number of members who died while in service	7
Number of Spousal Pensions granted during the year	5
Number of beneficiaries granted lump sum payments	2

SPOUSAL PENSIONS

The following Spousal Pension options were selected by surviving spouses during 1983-84:

Spousal Pension - Life only	1
Spousal Pension - Life with a guaranteed term of 10 years	1
Spousal Pension - Life with a guaranteed term of 15 years	1
Spousal Pension - Life with a guaranteed term of 20 years	2
Total number of Spousal Pensions granted in the year	5
Number of Spousal Pensions co-ordinated with benefits under C.P.P. and/or O.A.S.	3

PENSIONS IN EFFECT

The following pensions were in effect at March 31, 1984:

Life pension with a guaranteed term of 5 years	17
Life pension with a guaranteed term of 10 years	25
Life pension with a guaranteed term of 15 years	56
Life pension with a guaranteed term of 20 years	24
Life pension with no guaranteed term	48
Joint Life pension (non-reducible)	65
Joint Life pension (reducible at first death by 1/3)	57
Joint Life pension (reducible at first death by 1/2)	19
Spousal Pension - Life only	20
Spousal Pension - Life with a guaranteed term of 5 years	1
Spousal Pension - Life with a guaranteed term of 10 years	7
Spousal Pension - Life with a guaranteed term of 15 years	11
Spousal Pension - Life with a guaranteed term of 20 years	13
Total	363*

Number of pensions co-ordinated with benefits under C.P.P. and/or O.A.S. 75

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*Including pensions granted under former plans but not including one pension advance being paid at March 31, 1984 pending finalization of pension file.

MONTHLY DOLLAR VALUE OF PENSIONS

Monthly dollar value of pensions at March 31, 1984 was as follows:

DOLLAR VALUE PER MONTH	NUMBER OF PENSIONS AND PERCENTAGE OF TOTAL		
	Members	Spouses	Total
$ 0 - 499	17 (4.68%)	3 (0.83%)	20 (5.51%)
500 - 999	85 (23.42%)	26 (7.16%)	111 (30.58%)
1,000 - 1,499	70 (19.28%)	12 (3.31%)	82 (22.59%)
1,500 - 1,999	54 (14.87%)	7 (1.93%)	61 (16.80%)
2,000 - 2,499	45 (12.40%)	2 (0.55%)	47 (12.95%)
2,500 - 2,999	29 (7.99%)	2 (0.55%)	31 (8.54%)
3,000 - 3,499	11 (3.03%)	0	11 (3.03%)
Totals	311 (85.67%)	52 (14.33%)	363 (100.00%)

The lowest member pension at March 31, 1984 was $112.00 per month and the highest was $3,304.00 per month. The average pension paid to a member was $1,493.00 per month while the median pension was $1,335.00 per month.

The lowest pension paid to a survivor spouse at March 31, 1984 was $310.00 per month and the highest was $2,718.00 per month. The average pension paid to a survivor spouse was $1,093.00 per month while the median pension was $904.00 per month.

PENSION ADJUSTMENT REGULATIONS

To provide an adjustment to pensions granted under the Act, for the purpose of maintaining an approximate parity with cost of living, *section 1 of the Universities Academic Pension Adjustment Regulation (Alberta Regulation 438/78)*, as amended, was further amended to authorize the following adjustments, with effect from January 1, 1984:

(a) pensions granted on or before January 1, 1983 were increased by 3.00 per cent;

(b) pensions granted after January 1, 1983, but on or before February 1, 1983 were increased by 2.75 per cent;

(c) pensions granted after February 1, 1983, but on or before March 1, 1983 were increased by 2.50 per cent;

(d) pensions granted after March 1, 1983, but on or before April 1, 1983 were increased by 2.25 per cent;

(e) pensions granted after April 1, 1983, but on or before May 1, 1983 were increased by 2.00 per cent;

(f) pensions granted after May 1, 1983, but on or before June 1, 1983 were increased by 1.75 per cent;

(g) pensions granted after June 1, 1983, but on or before July 1, 1983 were increased by 1.50 per cent;

(h) pensions granted after July 1, 1983, but on or before August 1, 1983 were increased by 1.25 per cent;

(i) pensions granted after August 1, 1983, but on or before September 1, 1983 were increased by 1.00 per cent;

(j) pensions granted after September 1, 1983, but on or before October 1, 1983 were increased by 0.75 per cent;

(k) pensions granted after October 1, 1983, but on or before November 1, 1983 were increased by 0.50 per cent;

(l) pensions granted after November 1, 1983, but on or before December 1, 1983 were increased by 0.25 per cent.

(Alberta Regulation 23/84)

RECIPROCAL TRANSFER AGREEMENTS

As of March 31, 1984, the following agreements were in effect between the Universities Academic Pension Board and other pension authorities in Canada for the purpose of transferring pension credits on a reciprocal basis:

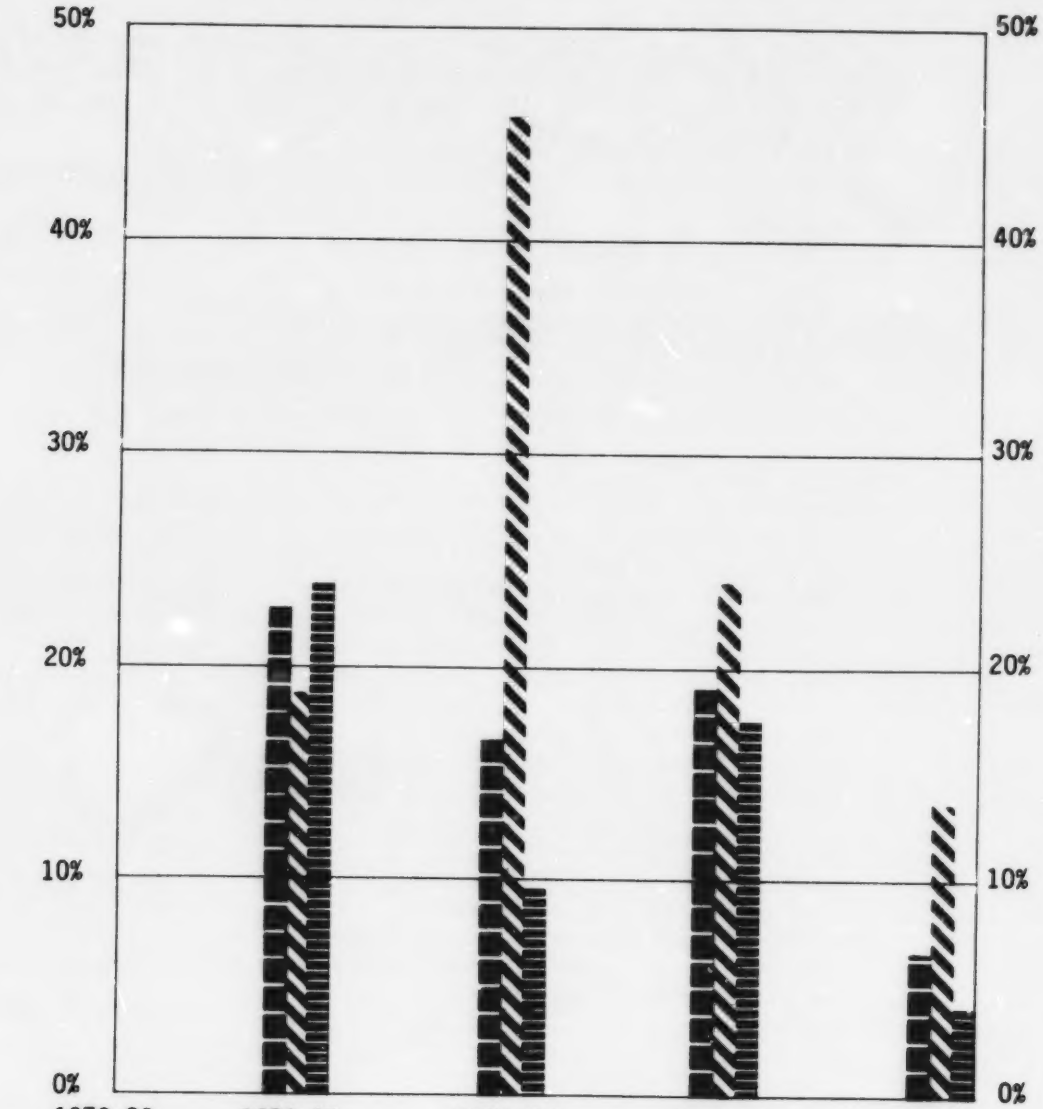
IN ALBERTA

Local Authorities Pension Board
Public Service Management Pension Board
Public Service Pension Board
Board of Administrators, Teachers' Retirement Fund

OUTSIDE ALBERTA

Brock University
Government of Canada
Dalhousie College and University
University of Guelph
Manitoba Teachers' Retirement Allowance Fund Board
University of Manitoba
McGill University
Government of New Brunswick
Ontario Institute for Studies in Education
University of Ottawa
University of Regina
Saint Paul University
Saskatchewan Teachers' Superannuation Commission
University of Saskatchewan
University of Toronto
University of Waterloo
Wilfrid Laurier University

ANNUAL PERCENTAGE INCREASES FROM PREVIOUS YEAR
(Receipts and Payments)



	1979-80	1980-81	1981-82	1982-83	1983-84
Receipts	$15,122,621	$18,534,560	$21,560,426	$25,618,204	$27,273,998
Payments	$ 3,057,761	$ 3,621,076	$ 5,274,939	$ 6,535,668	$ 7,416,070
Excess Receipts over Payments	$12,064,860	$14,913,484	$16,285,487	$19,082,536	$19,857,928

Receipts for the year, excluding interest

Payments for the year

Excess of Receipts over Payments for the year, excluding interest

UNIVERSITIES ACADEMIC PENSION PLAN

ANNUAL RECEIPTS AND PAYMENTS

FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS
	Member Contributions	Employer Contributions	Total Receipts	Benefits	Withdrawals	Total Payments	
	$	$	$	$	$	$	$
1978-79*	33,716,989.15ø	44,624,640.76ø	78,341,629.91ø	1,168,034.93	547,822.70	1,715,857.63	76,625,772.28
1979-80	7,675,275.81	7,447,345.10	15,122,620.91	2,099,781.65	957,979.47	3,057,761.12	12,064,859.79
1980-81	10,241,365.00	8,293,195.00	18,534,560.00	2,712,054.00	909,022.00	3,621,076.00	14,913,484.00
1981-82	10,311,875.40	11,248,551.12	21,560,426.52	3,501,251.04	1,773,688.32	5,274,939.36	16,285,487.16
1982-83	13,189,689.09	12,428,514.66	25,618,203.75	4,684,391.15	1,851,276.67	6,535,667.82	19,082,535.93
1983-84	13,763,549.32	13,510,449.07	27,273,998.39	5,939,224.98	1,476,845.60	7,416,070.58	19,857,927.81

*Year 1978-79 covers period from July 1, 1978 to March 31, 1979.

øIncludes a total of $65,897,013.00 member and employer contributions transferred from former plans at start-up of the Academic Pension Plan.

Note: "Excess of Receipts over Payments" does not include any interest.

UNIVERSITIES ACADEMIC PENSION ACT

SUMMARY OF RECEIPTS AND PAYMENTS
for the year ending 31-Mar-84

RECEIPTS

Contributions:	1983-84	1982-83
Employees	$13,763,549.32	$13,189,689.09
Employers	13,510,449.07	12,428,514.66
	$27,273,998.39	$25,618,203.75

PAYMENTS

Benefits:		
Retirement pensions	$ 5,142,669.03	$ 4,639,610.79
Spousal pensions	684,698.88	
Payments to beneficiaries of deceased employees	111,857.07	44,780.36
	$ 5,939,224.98	$ 4,684,391.15
Withdrawals:		
Contributions and interest in respect of employees leaving the service	20,340.80	63,554.02
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	1,253,939.96	1,515,223.28
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	118,926.73	135,921.87
Refunds of excess contributions	83,638.11	136,577.50
	1,476,845.60	1,851,276.67
	$ 7,416,070.58	$ 6,535,667.82
Excess of receipts over payments for the year	$19,857,927.81	$19,082,535.93

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other Alberta pension plans, made by book entry.

We wish to acknowledge the assistance of Payroll and Pensions Division of the Alberta Treasury in providing the statistical and financial information included in this annual report.